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July 16, 2007

OF COUNSEL
WILLIAM G. CONLY

Honorable James H. Welsh
Commissioner of Conservation
State of Louisiana
Post Office Box 44275
Baton Rouge, Louisiana 70804-4275

Re: APPLICATION FOR PUBLIC HEARING.

Cotton Valley Formation, Reservoir A, and Hosston
Formation, Reservoir B, NORTH GRAND CANE
FIELD, DeSoto Parish, Louisiana.

Dear Sir:

BEUSA ENERGY, INC. ("Applicant"), hereby respectfully applies for a public hearing to consider evidence relative to the issuance of Orders pertaining to the following matters relating to the Cotton Valley Formation, Reservoir A, and to the Hosston Formation, Reservoir B, in the North Grand Cane Field, DeSoto Parish, Louisiana:

1. To create two (2) additional drilling and production units for the exploration for and production of gas and condensate from the Cotton Valley Formation, Reservoir A, such units being shown on an attached plat and being designated CV RA SUE and CV RA SUF.
2. To create two (2) additional drilling and production units for the exploration for and production of gas and condensate from the Hosston Formation, Reservoir B, such units being shown on an attached plat and being designated HOSS RB SUE and HOSS RB SUF.
3. To force pool and integrate all separately owned tracts, mineral leases and other property interests within the proposed additional units in accordance with Section 10, Title 30, of the Louisiana Revised Statutes of 1950, with each tract sharing in unit production on a surface acreage basis of participation.
4. To designate a unit operator of, and unit wells for, the proposed additional units as may be appropriate.
5. To permit Applicant to combine downhole production from the Cotton Valley Formation, Reservoir A, with production from the Hosston Formation, Reservoir B, in any well drilled on the proposed additional units in which the ownership interests in the units is identical.
6. To extend, except as in conflict herewith, the provisions of Office of Conservation Order No. 855-D, effective February 13, 2007, to the proposed additional units for the Cotton Valley Formation, Reservoir A.
7. To extend, except as in conflict herewith, the provisions of Office of Conservation Order No. 855-C-1, effective February 13, 2007, to the proposed additional units for the Hosston Formation, Reservoir B.
8. To discuss such other matters as may be pertinent.

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The Cotton Valley Formation, Reservoir A, in the North Grand Cane Field, DeSoto Parish, Louisiana, was defined in Office of Conservation Order No. 855-D, effective February 13, 2007. The Hosston Formation, Reservoir B, in the North Grand Cane Field, DeSoto Parish, Louisiana, was defined in Office of Conservation Order No. 855-C-1, effective February 13, 2007.

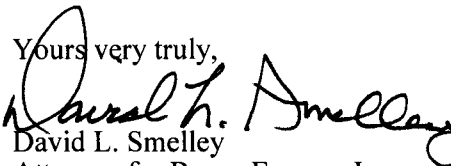
Any pertinent data concerning this application will be available for inspection at the offices of Louis Gilbert & Associates, Inc., 3636 N. Causeway Boulevard, Suite 204, Metairie, Louisiana 70002-7216. Any person desiring to inspect any such data should call Mr. Louis Gilbert at (504) 834-8112 during normal business hours in order to arrange a date and time for such inspection. A copy of any such pertinent data which is not otherwise available from the records of the Louisiana Office of Conservation can be obtained from Applicant at the expense of the requesting party.

By letter dated July 2, 2007, Applicant gave notice, in accordance with the Revised Rules of Procedure, of its intention to apply for a public hearing concerning these proposals and a pre-application conference with respect to Applicant's proposals was tentatively scheduled for July 26, 2007. No request for the pre-application conference was received within ten (10) days after the date of the pre-application notice; therefore, no conference will be held.

Attached hereto are plats showing the proposed units (which are identical to the plats attached to the pre-application notice). Also attached hereto is a list of the names and addresses of all Interested Owners, Represented Parties and Interested Parties to whom a copy of this application is being sent. Pursuant to the Revised Rules of Procedure, such list is being forwarded only to the Commissioner of Conservation and to the District Manager of the Shreveport District of the Office of Conservation. A copy of the list will be furnished by the undersigned to any party so requesting. A reasonable effort was made to obtain a complete list of Interested Owners, Represented Parties and Interested Parties.

Applicant will provide for posting of a copy of the Legal Notice of this hearing, and of the enclosed plats, at a prominent place in the area affected and will cause publication of the Legal Notice in a newspaper published in the general area of North Grand Cane Field, all in accordance with the Revised Rules of Procedure. Furthermore, a copy of the Legal Notice will be mailed to all Interested Owners, Represented Parties and Interested Parties promptly upon receipt of the Legal Notice from the Commissioner.

Finally, we enclose our check payable to the Commissioner of Conservation for the application fee.

Yours very truly,

David L. Smelley
Attorney for Beusa Energy, Inc.

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DLS:dp

Enclosures

cc: Mr. Jim Broussard (w/encl.)
Ms. Linda McGowen (w/encl.)
Mr. Louis Gilbert (w/encl.)
Interested Owners, Represented Parties
and Interested Parties (w/plats only)

